

SCOPING A BUSINESS CASE

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Introduction

A question for any business case development practitioner is “What are the key issues that need to be investigated as part of a business case development process?”.

This practitioners note provides an overview of lessons learned on how to identify key issues and information requirements for a Final Business Case (FBC).

Key considerations

Consider the purpose of the business case.

- ▶ The purpose of a FBC is not just to enable government to make an investment decision. The FBC development process also provides the opportunity to prepare the project team for delivery and to document the project implementation strategy (i.e. through the inclusion of a detailed delivery strategy, governance plan, benefits realisation plan, risk management plan etc).
- ▶ A FBC can provide additional certainty to support planning of other projects (e.g. the planning of an adjoining project or network). It can support subsequent approvals processes (e.g. drafting a FBC in a manner where elements of it can be used to support an Environmental Impact Statement (EIS)) and it can also support consideration of broader government policy issues (e.g. customer service or pricing policies).

Consider the audience.

- ▶ The business case should be useful and able to be understood by a broad audience. It should include consideration of stakeholder issues and be drafted in a manner which is easily understood and contain limited technical jargon and acronyms. The business

case audience may include the public, elected officials, senior government officials, advisors, technical specialists, planning teams, the project team, specialist peer reviewers and assurance reviewers.

- ▶ Stakeholder issues need to be identified and addressed to enable government to have a full appreciation of issues and options during the investment decision making process.
- ▶ Addressing stakeholder issues will also help to support associated project development and planning activities. Typical stakeholder issues include:
 - Description of Service need
 - > Problem definition/case for change/ service need
 - > Background/existing conditions
 - > Consequences of deferral
 - Policy and strategic alignment
 - > Policy context
 - > Project objectives and strategic alignment
 - Project options
 - > Project description
 - > Integration with other projects, assets and services
 - > Disruption management
 - Funding
 - > Cost planning and management (contingency, output, P50/P90 etc.)
 - > Budget Proposal and Request
 - Value for money assessment
 - > Cost benefit analysis
 - > Financial evaluation
 - > Value management

- Project Management
 - > Asset ownership and management plan
 - > Project Governance
 - > Procurement and delivery strategy
 - > Stakeholder management plan
- > Risk management
- > Compliance
- > Change management
- > Benefits realisation

Review relevant guidelines and templates

- ▶ There are several relevant guidelines and templates which should be considered and complied with. These include the NSW Treasury Business Case and Cost-Benefit Analysis Guidelines, departmental guidance materials and technical guidance materials (on subjects such as delivery strategy development and risk management etc.).
- ▶ Consideration should be given to broader guidance materials depending on the nature of the project. For example, when developing a delivery strategy, consider Infrastructure Australia's framework and guidance materials for nationally significant projects and the NSW Treasury Public Private Partnerships (PPP) Guidelines for projects which may be delivered by a PPP.

Scale and nature of the project and key issues

- ▶ The scale and complexity of a project will inform the number of issues and the depth to which they need to be addressed.
- ▶ If a project has a significant cost profile, then there will naturally be a greater requirement for a very robust cost estimate including peer reviews, benchmarking of costs and a detailed funding and finance strategy to show how the project could be funded.
- ▶ Projects which span large geographic areas, or long time frames will likely interact with other projects and planning processes. Interfaces with those projects will need to be coordinated and impacts assessed.
- ▶ High impact projects will require a greater emphasis on impact management.
- ▶ Commercially complex projects will require additional detail on delivery strategy development and commercial risk management.
- ▶ Localised and discrete projects will require detailed analysis of local issues.

Differences between a Strategic and a Final Business Case

- ▶ A key difference between a Strategic Business Case and a Final Business Case is the breadth of the scope analysis that needs to be undertaken.
- ▶ This typically means that a Strategic Business Case will include high level assessments of a broad range of options while a Final Business Case will require more detailed and rigorous assessments of key project options.
- ▶ The level of detail presented in the Final Business Case should be sufficient to allow government to confidently make informed scope and investment decisions.

▶ About the author:

Tim has specialised in infrastructure planning, project delivery, corporate finance and government for over 30 years. He has assisted government agencies to assess their infrastructure needs and to develop projects, funding strategies and business cases for projects exceeding \$50 billion in value. Tim has formal qualifications in commerce and is a partner in RPS.